

**LOUISIANA TECH UNIVERSITY FOUNDATION, INC.****RUSTON, LOUISIANA****JUNE 30, 2004 AND 2003**

Under provisions of state law, this report is a public document. A copy of the report has been submitted to the entity and other appropriate public officials. The report is available for public inspection at the Baton Rouge office of the Legislative Auditor and, where appropriate, at the office of the parish clerk of court.

Release Date 5-25-05

LOUISIANA TECH UNIVERSITY FOUNDATION, INC.

RUSTON, LOUISIANA

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July 21, 2004

The Board of Directors  
Louisiana Tech University Foundation, Inc.  
Ruston, Louisiana

## Independent Auditors' Report

We have audited the accompanying statement of financial position of Louisiana Tech University Foundation, Inc. (the Foundation) as of June 30, 2004, and the related statements of activities and cash flows for the year then ended. These financial statements are the responsibility of the Foundation's management. Our responsibility is to express an opinion on these financial statements based on our audit. The financial statements of the Foundation as of June 30, 2003, were audited by other auditors whose report dated October 9, 2003, expressed an unqualified opinion on those statements.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Foundation as of June 30, 2004, and the changes in its net assets and its cash flows for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated July 21, 2004, on our consideration of the Foundation's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, and contracts. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audits.

Our audits were made for the purpose of forming an opinion on the basic financial statements of the Foundation taken as a whole. The supplementary information included on Pages 13-27 is presented for purposes of additional analysis and is not a required part of the 2004 basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the 2004 basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the 2004 basic financial statements taken as a whole.

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LOUISIANA TECH UNIVERSITY FOUNDATION, INC.

STATEMENTS OF FINANCIAL POSITION

JUNE 30, 2004 AND 2003

<u>A S S E T S</u>	<u>2004</u>	<u>2003</u>
Cash and cash equivalents	2,646,483	2,381,869
Accounts receivable	286,214	174,981
Contributions receivable, net-Note 4	225,764	317,435
Accrued interest receivable	72,617	116,964
Investments-Note 2	16,419,435	15,180,724
Fixed assets, net-Notes 3, 6 and 8	4,788,530	4,646,806
Other assets	176,483	163,106
Restricted assets-investments-Note 2	<u>22,755,833</u>	<u>20,074,606</u>
Total assets	<u>47,371,359</u>	<u>43,056,491</u>
<u>LIABILITIES AND NET ASSETS</u>		
<u>Liabilities:</u>		
Accounts payable	136,886	275,247
Retainage payable	-	172,230
Accrued interest payable	19,808	22,537
Annuities liability-Note 12	155,681	145,378
Deferred revenue-Note 10	73,333	183,333
Deferred compensation-Note 7	720,466	574,835
Notes payable-Note 5	1,200,000	1,275,000
Bonds payable-Notes 6 and 8	2,613,504	2,952,376
Due to Louisiana Tech University	<u>22,998,267</u>	<u>20,360,944</u>
Total liabilities	27,917,945	25,961,880
<u>Net assets:</u>		
Unrestricted:		
For current operations	523,708	589,765
Designated for fixed assets	546,976	405,250
Designated for funds functioning as endowments	<u>2,636,225</u>	<u>2,504,373</u>
	3,706,909	3,499,388
Temporarily restricted-for specific purposes	4,177,303	2,940,078
Permanently restricted-endowment	<u>11,569,202</u>	<u>10,655,145</u>
Total net assets	<u>19,453,414</u>	<u>17,094,611</u>
Total liabilities and net assets	<u>47,371,359</u>	<u>43,056,491</u>

See accompanying notes to financial statements.

LOUISIANA TECH UNIVERSITY FOUNDATION, INC.

STATEMENTS OF ACTIVITIES

FOR THE YEARS ENDED JUNE 30, 2004 AND 2003

	2004			
	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
<u>Revenues, gains and other support:</u>				
Contributions	152,689	1,275,874	1,447,572	2,876,135
Contributed services	560,574	-	-	560,574
Interest and dividends	24,971	478,938	6,276	510,185
Service charges	505,705	-	-	505,705
Realized and unrealized gains (losses) on investments, net	72,184	586,436	274	658,894
Other	<u>110,678</u>	<u>1,458,387</u>	<u>-</u>	<u>1,569,065</u>
	1,426,801	3,799,635	1,454,122	6,680,558
 Net assets released from restrictions	<u>2,621,983</u>	<u>(2,561,923)</u>	<u>(60,060)</u>	<u>-</u>
Total revenues, gains and other support	4,048,784	1,237,712	1,394,062	6,680,558
 <u>Expenses:</u>				
Instructional support	409,318	-	-	409,318
Academic support	21,216	-	-	21,216
Research	13,590	-	-	13,590
Institutional support	293,332	-	-	293,332
Student financial aid	198,277	-	-	198,277
Student services	37,138	-	-	37,138
Auxiliary	1,135,686	-	-	1,135,686
General administrative services	846,517	-	-	846,517
Fundraising	<u>886,189</u>	<u>-</u>	<u>-</u>	<u>886,189</u>
Total expenses	3,841,263	-	-	3,841,263
 Assets dedicated to Louisiana Tech University, net	<u>-</u>	<u>(487)</u>	<u>(480,005)</u>	<u>(480,492)</u>
Change in net assets	207,521	1,237,225	914,057	2,358,803
 <u>Net assets, beginning of year</u>	<u>3,499,388</u>	<u>2,940,078</u>	<u>10,655,145</u>	<u>17,094,611</u>
 <u>Net assets-end of year</u>	<u>3,706,909</u>	<u>4,177,303</u>	<u>11,569,202</u>	<u>19,453,414</u>

See accompanying notes to financial statements.

2003			
<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
307,501	1,237,669	559,939	2,105,109
572,762	-	-	572,762
20,407	445,397	-	465,804
474,952	-	-	474,952
216,805	(1,330)	-	215,475
<u>130,045</u>	<u>1,350,746</u>	<u>-</u>	<u>1,480,791</u>
1,722,472	3,032,482	559,939	5,314,893
<u>3,335,401</u>	<u>(3,335,401)</u>	<u>-</u>	<u>-</u>
5,057,873	(302,919)	559,939	5,314,893
320,706	-	-	320,706
32,826	-	-	32,826
28,532	-	-	28,532
1,016,196	-	-	1,016,196
112,576	-	-	112,576
41,169	-	-	41,169
1,203,687	-	-	1,203,687
801,589	-	-	801,589
<u>887,942</u>	<u>-</u>	<u>-</u>	<u>887,942</u>
4,445,223	-	-	4,445,223
-	(5,907)	(245,993)	(251,900)
612,650	(308,826)	313,946	617,770
<u>2,886,738</u>	<u>3,248,904</u>	<u>10,341,199</u>	<u>16,476,841</u>
<u>3,499,388</u>	<u>2,940,078</u>	<u>10,655,145</u>	<u>17,094,611</u>

LOUISIANA TECH UNIVERSITY FOUNDATION, INC.

STATEMENTS OF CASH FLOWS

FOR THE YEARS ENDED JUNE 30, 2004 AND 2003

	<u>2004</u>	<u>2003</u>
<u>Cash flows from operating activities:</u>		
Change in net assets	2,358,803	617,770
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation expense	40,341	85,950
Net unrealized (gain) on long-term investments	(586,937)	(753,661)
Realized gain (loss) on sale of investments	(71,957)	538,186
<i>(Increase) decrease in assets:</i>		
Accounts receivable	(111,233)	396,276
Contributions receivable, net	91,671	117,490
Accrued interest receivable	44,347	38,360
Other assets	(13,373)	(72,918)
<i>Increase (decrease) in liabilities:</i>		
Accounts payable	(138,361)	(342,272)
Retainage payable	(172,230)	134,815
Accrued interest payable	(2,729)	(2,693)
Annuities liability	10,303	69,533
Deferred revenue	(110,000)	(110,000)
Deferred compensation	145,631	64,288
Contributions restricted for long-term investment	<u>(1,447,572)</u>	<u>(559,939)</u>
Net cash provided by operating activities	36,704	154,851
<u>Cash flows from investing activities:</u>		
Purchases of fixed assets	(182,065)	(3,100,199)
Purchases of investments	(4,219,193)	(1,531,050)
Proceeds on sale of investments	2,743,355	4,427,603
Increase in due to Louisiana Tech University	<u>852,113</u>	<u>340,972</u>
Net cash provided (used) by investing activities	(805,790)	137,326
<u>Cash flows from financing activities:</u>		
Contributions restricted for investment in endowment	1,447,572	559,939
Payments of notes payable	(75,000)	(75,000)
Payments of bonds payable	<u>(338,872)</u>	<u>(320,226)</u>
Net cash provided by financing activities	<u>1,033,700</u>	<u>164,713</u>
<u>Increase in cash and cash equivalents</u>	264,614	523,224
<u>Cash and cash equivalents-beginning of year</u>	<u>2,381,869</u>	<u>1,858,645</u>
<u>Cash and cash equivalents-end of year</u>	<u>2,646,483</u>	<u>2,381,869</u>

See accompanying notes to financial statements.

LOUISIANA TECH UNIVERSITY FOUNDATION, INC.

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2004 AND 2003

**1. Organization and Summary of Significant Accounting Policies**

***a. Organization***

The Louisiana Tech University Foundation, Inc. (the Foundation) was organized to solicit, receive, hold, invest and transfer funds for the benefit of Louisiana Tech University (LA TECH). Additionally, the Foundation assists LA TECH in meeting the criteria for accreditation as outlined by the Commission on Colleges for the Southern Association of Colleges and Schools. LA TECH and the Foundation are also in a management agreement related to endowed chairs and professorships. This agreement is in compliance with Board of Regents policy and allows the Foundation to manage funds on behalf of LA TECH. The Foundation is a separate legal entity and not included as part of the reporting entity of LA TECH.

***b. Basis of Financial Statements***

The Foundation maintains its accounts in accordance with the principles of fund accounting. Fund accounting is the procedure by which resources for various purposes are classified for accounting purposes in accordance with activities or objectives specified by donors.

The accompanying financial statements have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America.

Net assets and revenues, expenses, gains and losses are classified based upon the existence or absence of donor-imposed restrictions. Accordingly, net assets of the Foundation and changes therein are classified and reported as follows:

Unrestricted net assets - Net assets that are not subject to donor-imposed stipulations. However, these assets may be designated by management for specific purposes.

Temporarily restricted net assets - Net assets subject to donor-imposed stipulations that may or will be met either by actions of the Foundation and/or passage of time. This classification includes gifts, annuities and unconditional promises to give for which the ultimate purpose of the proceeds is not permanently restricted.

Permanently restricted net assets - Net assets subject to donor-imposed stipulations that they be maintained permanently by the Foundation. Generally, the donors of these assets permit the Foundation to sell all of, or part of, the income earned on the related investments for general or specific purposes.

Revenues are reported as increases in unrestricted net assets unless use of the related assets is limited by donor-imposed restrictions. Expenses are reported as decreases in unrestricted net assets. Gains and losses on investments and other assets or liabilities are reported as increases or decreases in unrestricted net assets unless their use is restricted by explicit donor stipulation or by law.



**1. Organization and Summary of Significant Accounting Policies (Continued)**

***c. Net Assets Released from Restrictions***

Expirations of temporary restrictions on net assets (i.e., the donor-stipulated purpose has been fulfilled and/or the stipulated time period has elapsed) are reported as reclassifications between the applicable classes of net assets.

***d. Contributions***

Contributions, including unconditional promises to give, are recognized as revenues in the period received. Conditional promises to give are not recognized until they become unconditional, that is, when the conditions on which they depend are substantially met. *Contributions of assets other than cash are recorded at their estimated fair value.* An allowance for uncollectible contributions receivable is provided based upon management's judgment including such factors as prior collection history, type of contribution, and nature of fund-raising activity.

***e. Investment Income***

Income and realized and unrealized net gains on investments of endowment and similar funds are reported as follows:

- as increases in permanently restricted net assets if the terms of the gift require that they be added to the principal of a permanent endowment fund;
- as increases in temporarily restricted net assets if the terms of the gift impose restrictions on the use of the income;
- increases in unrestricted net assets in all other cases.

***f. Temporarily Restricted Net Assets***

With respect to temporarily restricted net assets, the Foundation has adopted the following accounting policies.

Contributions with Restrictions Met in the Same Year - Contributions received with donor-imposed restrictions that are met in the same year as received are reported as revenues of temporarily restricted net assets, and a reclassification to unrestricted net assets is made to reflect the expiration of such restrictions.

Release of Restrictions on Net Assets for Acquisition of Land, Building and Equipment - Contributions of land, building and equipment without donor stipulations concerning the use of such long-lived assets are reported as revenues of the unrestricted net asset class. Contributions of cash or other assets to be used to acquire land, building and equipment without such donor stipulations concerning the use of such long-lived assets are reported as revenues of the temporarily restricted net asset class; the restrictions are considered to be released at the time of acquisition of such long-lived assets.

***g. Cash and Cash Equivalents***

Cash and cash equivalents principally include cash and money market investments not held by trustees. For purposes of the cash flow statement, all highly liquid instruments with original maturities of three months or less are considered cash equivalents.

**1. Organization and Summary of Significant Accounting Policies (Continued)**

***h. In-Kind Gifts***

Gifts of investments, real estate, and other property contributed to the Foundation are recorded at estimated fair value at date of contribution.

***i. Accounts Receivable***

Accounts receivable consists of amounts due from outside parties. Management evaluates the collectibility and aging of those accounts receivable in determining the need for an allowance for doubtful accounts.

***j. Investments***

Investments are stated at fair value. Gains or losses on sales of investment securities are based upon the cost of the specific security sold.

***k. Depreciation***

Depreciation is provided on the straight-line method based on the estimated useful lives of the depreciable assets which range from two to ten years.

***l. Tax Status***

The Foundation is exempt from federal income taxes under Section 501(a) of the Internal Revenue Code (IRC) as an organization described in IRC Section 501(c)(3). Accordingly, no provision for income taxes has been made; however, should the Foundation engage in activities unrelated to its exempt purpose, taxable income could result. The Foundation had no material unrelated business income for the fiscal years ended June 30, 2004 and 2003.

***m. Funds Functioning as Endowment***

The Foundation has designated funds for which the income earned is designated for specific uses. Because there is no donor-imposed restriction, these funds are classified as unrestricted net assets; however, the Foundation restricts the use of the funds in the same manner as a donor would by creating an endowment.

***n. Use of Estimates***

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ significantly from those estimates.

2. **Investments**

A summary of the fair value of investments held at June 30, 2004 and 2003 follows:

	<u>2004</u>	<u>2003</u>
Held by investment custodians:		
Cash and cash equivalents	3,097,026	4,145,181
Certificates of deposit	285,000	285,000
Mutual funds	9,961,232	12,213,822
Government obligations	10,435,298	9,794,125
Corporate bonds	2,958,363	3,262,865
Common stocks	10,427,756	5,180,252
Real estate held by Foundation	<u>2,010,592</u>	<u>374,085</u>
	<u>39,175,267</u>	<u>35,255,330</u>

3. **Fixed Assets**

A summary of the fixed assets at June 30, 2004 and 2003 follows:

	<u>Depreciable Lives</u>	<u>2004</u>	<u>2003</u>
Automobiles	2-3	140,132	132,115
Furniture, fixtures and equipment	3-10	929,072	911,396
Engineering equipment	3-10	666,682	666,682
Real estate and other	-	151,438	151,438
* Leasehold improvements	30	4,161,554	-
* Construction-in-progress	-	-	4,029,703
		<u>6,048,878</u>	<u>5,891,334</u>
<u>Less-accumulated depreciation</u>		<u>(1,260,348)</u>	<u>(1,244,528)</u>
		<u>4,788,530</u>	<u>4,646,806</u>

Depreciation of \$40,341 and \$85,950 was recorded for the years ended June 30, 2004 and 2003, respectively.

- \* Construction-in-progress at June 30, 2003 consisted of the renovations to Tolliver Hall and the Ropp Center. Renovations were completed on April 1, 2004, and will be donated to Louisiana Tech University at the time the bonds are paid. Refer to Notes 6 and 8.

4. **Contributions Receivable**

Contributions receivable, net, is summarized as follows as of June 30, 2004 and 2003:

	<u>2004</u>	<u>2003</u>
Unconditional pledges expected to be collected in:		
Less than one year	146,217	154,680
One year to five years	85,836	164,587
More than five years	<u>40,000</u>	<u>50,000</u>
	<u>272,053</u>	<u>369,267</u>

4. **Contributions Receivable** (Continued)

	<u>2004</u>	<u>2003</u>
Less-discount on future contributions receivable (discount rate of 3.04% and 1.86% in 2004 and 2003, respectively)	(3,528)	(11,741)
Less-allowance for uncollectible contributions receivable	<u>(42,761)</u>	<u>(40,091)</u>
Contributions receivable, net	<u><u>225,764</u></u>	<u><u>317,435</u></u>

5. **Notes Payable**

Notes payable consist of the following at June 30, 2004 and 2003:

	<u>2004</u>	<u>2003</u>
Notes payable to bank at floating rate, secured by depository accounts, due March 2007	<u>1,200,000</u>	<u>1,275,000</u>

Two notes payable to a bank originally issued for \$750,000 each were issued to fund the improvements to the LA TECH Athletic Fieldhouse. These notes were refinanced in March of 2002. The new combined note will be repaid with annual installments of \$75,000 in 2005 through 2006 and a final payment of \$1,050,000 in 2007. The interest rate for the new note is floating at 1/2% under the bank's Financial Corporation Commercial Base Rate - Daily (the Index). The rate for the note was 3.5% at June 30, 2004.

Under the terms of the note, the Foundation is required to comply with restrictive covenants related to its financial records, financial statements, insurance and additional information.

Aggregate principal payments required on the note payable are as follows:

Year Ending June 30:

2005	75,000
2006	75,000
2007	<u>1,050,000</u>
	<u><u>1,200,000</u></u>

Interest paid for the years ended June 30, 2004 and 2003 was \$44,702 and \$54,875, respectively.

6. **Bonds Payable**

Bonds payable at June 30, 2004 and 2003 are as follows:

	<u>2004</u>	<u>2003</u>
Revenue bonds payable at 5.7%, due in quarterly installments through August 15, 2010	<u>2,613,504</u>	<u>2,952,376</u>

**6. Bonds Payable (Continued)**

In August 2000, the Foundation issued \$3,791,183 in revenue bonds to fund renovations to Tolliver Hall and the Ropp Center as required under the lease agreement with Aramark described in Note 8. The bonds were issued with a 10-year term at an interest rate of 5.7% and with payments of \$125,000 due quarterly.

Maturities of the revenue bonds, by year, at June 30, 2004 are as follows:

Year Ending June 30:

2005	358,605
2006	379,487
2007	401,584
2008	424,968
2009	449,714
2010 and thereafter	<u>599,146</u>
	<u>2,613,504</u>

Interest paid for the years ended June 30, 2004 and 2003 on the revenue bonds was \$157,007 and \$177,493, respectively. Amounts capitalized related to this interest for the years ended June 30, 2004 and 2003, were \$83,526 and \$149,784, respectively.

**7. Deferred Compensation**

The Foundation provides additional compensation to the President of LA TECH. Pursuant to an agreement between the Foundation and the President, such compensation is being deferred. The deferred compensation is deposited by the Foundation in a trust for the President's benefit. Total deferred compensation at June 30, 2004 and 2003 was \$720,466 and \$574,835, respectively.

**8. Lease Agreement**

During fiscal 2000, LA TECH entered into a lease agreement with Aramark for Tolliver Hall and the Ropp Center in connection with providing food services on campus. As a condition of this agreement, LA TECH required Aramark to enter into a sublease for the facilities with the Foundation. As a result, the Foundation entered into an agreement with Aramark to lease Tolliver Hall and the Ropp Center from Aramark for the purpose of renovating the structures. Upon completion, the sublease will be terminated and the improvements will be gifted back to LA TECH by the Foundation once the bonds (refer to Note 6) are paid in full. Notwithstanding the term of the lease agreement between the Foundation and Aramark, Aramark will pay the Foundation \$500,000 per year for ten years to defray the costs of constructing the improvements. No lease payments are required to be paid by the Foundation, but the Foundation is required to construct the improvements of Tolliver Hall and the Ropp Center in accordance with building standards satisfactory to Aramark and LA TECH. For the years ended June 30, 2004 and 2003, the annual payments of \$500,000 have been recorded as temporarily restricted other revenue. At June 30, 2004 and 2003, \$-0- and \$55,556, respectively, of these amounts were reflected in accounts receivable. Future minimum payments from Aramark are \$500,000 annually for June 30, 2005 through June 30, 2010.

9. **Transactions with LA TECH**

LA TECH provides to the Foundation, without cost, services for the administration of the Foundation in the form of personnel. In addition, LA TECH provides, without cost, certain other operating services associated with the Foundation. These services are valued at their actual cost to LA TECH. For the year ended June 30, 2004, contributed personnel costs and operating services were determined to be \$556,820 and \$3,754, respectively. For the year ended June 30, 2003, contributed personnel costs and operating services were determined to be \$570,668 and \$2,094, respectively. The amounts for these services have been reflected as contributed services revenue and corresponding general administrative services and fundraising expenses in the accompanying financial statements.

For the years ended June 30, 2004 and 2003, expenses totaling approximately \$1,379,404 and \$3,644,000, respectively, were paid directly to or for the benefit of LA TECH.

Funds administered by the Foundation on behalf of LA TECH are not commingled with funds belonging to the Foundation. Classified as amounts due to LA TECH at June 30, 2004 and 2003 is \$22,998,267 and \$20,360,944, respectively, related to certain endowed chairs and professorships matched by the State of Louisiana. Initially, the donor portion of these funds is recorded as contributions to the Foundation. Once the state matching is received, the donor portion is deducted from the permanently restricted, temporarily restricted, and unrestricted net assets of the Foundation and reflected as due to Louisiana Tech University. A total of \$4,642,046 and \$251,900 of net assets of the Foundation were dedicated to LA TECH during 2004 and 2003, respectively.

During the year, the Foundation entered into leases with LA TECH to provide parking for the campus. For the year ended June 30, 2004, total lease income of \$68,707 was received by the Foundation. *Future minimum payments due from LA TECH are as follows:*

Year Ending June 30:	
2005	98,495
2006	98,495
2007	98,495
2008	37,955

Various other services and facilities are contributed to the Foundation, the values of which are not readily determinable and, therefore, are not reflected as contributions or expenses in the accompanying financial statements.

10. **Deferred Revenue**

During fiscal 2000, the Foundation entered into an agreement with MBNA America Bank, N.A. (MBNA) for MBNA to provide financial service products to LA TECH undergraduate students, graduate students, alumni, and/or other potential participants. Per the terms of the agreement, MBNA guarantees royalties paid to the Foundation will be equal to or greater than \$550,000 by the end of the full initial term of the agreement on April 30, 2005.

Payments of \$87,500 were received under the agreement for each of the fiscal years ended June 30, 2004 and 2003. Unrestricted revenue of \$110,000 was recognized for the fiscal years ended June 30, 2004 and 2003. At June 30, 2004 and 2003, accounts receivable totaling \$0- and \$87,500, respectively, and deferred revenue of \$73,333 and \$183,333, respectively, were recorded related to this agreement.

The remaining deferred revenue will be recognized during the year ended June 30, 2005.

**11. Commitments**

As of June 30, 2004 and 2003, there was approximately \$1,409 and \$23,700, respectively, in awarded but unpaid scholarships, which were funded subsequent to year-end.

**12. Annuities Liability**

The Foundation receives donations through split-interest agreements with contributors. These split-interest agreements specify that the donation is made in return for an individual or joint annuity for the remaining lives of the contributors. The difference between the fair market value of the assets received and liability under the annuity is recognized as revenue in the year received. Upon the death of the contributor, the remaining liability, if any, is recognized as revenue. The Foundation has received three donations under such agreements that result in an annuities liability totaling \$155,681 and \$145,378 at June 30, 2004 and 2003, respectively. The liabilities were calculated using discount rates of 8.0%, 4.9%, and 5.0%.

## SUPPLEMENTARY INFORMATION



Schedule of Investments  
Louisiana Tech University Foundation, Inc.  
6/30/04

	Shares or Units	Cost Basis	Fair Value
<b>Cash and cash equivalents:</b>			
Cash		33	33
Centennial Money Market Trust-AG Edwards	16,878	16,878	16,878
Fed US Treasury Cash Res Fund #632	4,022	4,022	4,022
One Group US Treasury Sec MM Fd	819,341	819,341	819,341
One Group US Treasury Sec MM Fd	385,835	385,835	385,835
One Group US Treasury Sec MM Fd	23,727	23,727	23,727
PIF Temp Dollar Fund #20	88,572	88,572	88,572
PIF Temp Dollar Fund #20	7,624	7,624	7,624
PIF Temp Dollar Fund #20	19,586	19,586	19,586
PIF Temp Dollar Fund #20	18,093	18,093	18,093
PIF Temp Dollar Fund #20	44,615	44,615	44,615
PIF Temp Dollar Fund #20	1,331	1,331	1,331
PIF Temp Dollar Fund-#20	5,873	5,873	5,873
PIF Temp Dollar Fund-#20	49,485	49,485	49,485
PIF Temp Dollar Fund-#20	10,491	10,491	10,491
RMK Sel Treas Money Market Fund A	169,847	169,847	169,847
		<u>1,665,353</u>	<u>1,665,353</u>

**Cash and cash equivalents-chairs and professorships:**

One Group Us Treasury Money Market Fund	341,861	341,861	341,861
RMK Sel Treas Money Market Fund A	310,179	310,179	310,179
PIF Temp Dollar Fund #20	779,633	779,633	779,633
		<u>1,431,673</u>	<u>1,431,673</u>
Total cash and cash equivalents		<u>3,097,026</u>	<u>3,097,026</u>

**Certificates of deposit:**

Gibbsland Bank, 1.45%, 08/06/04	10,000	10,000	10,000
Gibbsland Bank, 1.30%, 08/10/04	15,000	15,000	15,000
Gibbsland Bank, 1.36%, 08/14/04	10,000	10,000	10,000
Gibbsland Bank, 1.45%, 09/10/04	10,000	10,000	10,000
Gibbsland Bank, 1.60%, 06/15/05	25,000	25,000	25,000
Gibbsland Bank, 1.60%, 10/08/04	100,000	100,000	100,000
Gibbsland Bank, 1.60%, 06/15/05	25,000	25,000	25,000
Gibbsland Bank, 1.55%, 07/05/05	10,000	10,000	10,000
Gibbsland Bank, 1.30%, 12/01/04	10,000	10,000	10,000
Gibbsland Bank, 1.55%, 07/05/05	10,000	10,000	10,000
		<u>225,000</u>	<u>225,000</u>

Schedule of Investments  
Louisiana Tech University Foundation, Inc.  
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	Shares or Units	Cost Basis	Fair Value
<b>Certificates of deposit-chairs and professorships:</b>			
Gibbsland Bank, 1.80%, 03/26/05	20,000	20,000	20,000
Gibbsland Bank, 1.60%, 05/30/05	20,000	20,000	20,000
Gibbsland Bank, 1.60%, 05/31/05	20,000	20,000	20,000
		<u>60,000</u>	<u>60,000</u>
Total certificates of deposit		<u>285,000</u>	<u>285,000</u>

**Mutual funds:**

American Cent Sm Co Fd 985	11,696	100,000	106,667
Enhanced Apprec Sec Due 11/30/04	50,000	50,009	55,163
Loomis Sayles Bond Instl Fd #1162	1,527	20,000	19,527
Manager's Special Equity Fund	507	32,512	41,740
MFS Emerging Equity 1 Fund #885	3,305	44,391	64,917
One Group Diversified Equity	6,711	70,638	78,256
One Group Diversified Int'l Fund	2,588	27,878	36,383
One Group Diversified Mid Cap Fund	2,182	30,913	41,304
One Group Int'l Equity Index Fund	1,350	19,837	23,654
One Group Large Cap Growth Fund	5,774	97,074	84,065
One Group Mid Cap Value Fund	2,994	40,645	51,925
One Group Mid Cap Growth Fund	2,130	43,088	47,916
One Group Large Cap Value Fund	6,474	92,232	92,964
One Group Small Cap Growth Fund	1,951	17,676	23,232
One Group Small Cap Value Fund	960	17,828	23,869
One Group Bond Fund	6,344	69,071	68,330
One Group Government Bond Fund	3,418	33,415	34,696
One Group Income Bond Fund	8,896	69,985	69,570
One Group Intermediate Bond Fund	1,937	20,042	20,573
Pimco High Yield Fund #108	12,998	125,305	122,316
Pimco Total Return Fund #35	9,390	100,000	99,906
RMK Sel Mid Cap Gr Fd A	13,731	195,019	222,859
T. Rowe Inst'l Sm Cap Fund #129	3,317	40,000	44,942
T. Rowe Mid Cap Equity Gr Fund #116	2,895	45,516	66,885
Templeton Inst Unc. Emerging Markets Fd 456	5,361	45,500	66,106
Templeton Institutional Foreign Equity Fd	7,649	117,999	133,480
		<u>1,566,573</u>	<u>1,741,245</u>

**Mutual funds-chairs and professorships:**

American Cent Sm Co Fd 985	20,930	180,000	190,884
Artisan Int'l Fund	4,641	90,000	91,903
Fidelity Adv Divers Intl Fd A	15,300	250,000	252,448

Schedule of Investments  
Louisiana Tech University Foundation, Inc.  
6/30/04

	Shares or Units	Cost Basis	Fair Value
Longleaf Partners Int'l Fd	5,498	80,000	82,474
Loomis Sayles Bond Instl Fund #1162	11,962	150,000	152,990
MFS Emerging Equity Fd #885	5,690	120,000	111,750
MFS Intl New Discovery Fd 74	5,732	110,000	112,064
One Group Diversified Equity	167,735	1,924,341	1,955,788
One Group Diversified Int'l	34,465	485,058	484,581
One Group Diversified Mid Cap	42,865	783,949	811,438
One Group Large Cap Growth	86,611	1,090,330	1,261,051
One Group Mid Cap Growth	38,224	776,597	860,032
One Group Small Cap Growth	26,370	203,842	314,070
One Group Small Cap Value	22,352	486,834	555,903
PIMCO High Income Fund	10,000	131,794	137,300
PIMCO Total Return Fund #35	14,164	150,000	150,708
RMK Sel Mid Cap Growth Fd A	22,054	350,000	357,940
T Rowe Price Midcap Equity Growth Fd #116	2,685	60,000	62,013
T Rowe Price Inst'l Sm Cap Stk Fd #129	6,854	90,000	92,879
Templeton Inst Foreign Eq Fd	10,417	180,000	181,771
		<u>7,692,745</u>	<u>8,219,987</u>
Total mutual funds		<u>9,259,318</u>	<u>9,961,232</u>

**Government obligations:**

FHLB 6.63%, 07/02/07	100,000	99,652	108,781
FHLB 2.0%, 07/23/08	100,000	100,000	98,594
FHLB 5.425%, 09/24/08	100,000	99,226	105,812
FHLB 5.085%, 10/01/08	100,000	97,120	104,328
FHLB 3.85%, 11/19/09-Argent	20,000	20,000	19,869
FHLMC 7.5%, 09/01/15	7,364	7,519	7,849
FHLMC 7.5%, 11/01/15	13,217	13,640	14,088
FHLMC 5.50%, 09/01/17	42,610	44,039	43,645
FHLMC 5.00%, 05/01/19	59,777	59,657	59,932
FHLMC 6.00%, 04/15/23	26,703	27,843	27,605
FHLMC 6.10%, 10/05/23	28,367	29,532	29,190
FHLMC 7.50%, 04/01/31	12,106	12,359	13,039
FHLMC 6.50%, 04/01/31	22,647	22,653	23,641
FHLMC 6.50%, 09/01/31	9,172	9,226	9,574
FHLMC 6.50%, 04/01/32	25,243	25,469	26,329
FHLMC 5.50%, 04/01/33	67,902	68,555	67,845
FHLMC 5.25%, 01/15/06	300,000	295,553	311,298
FHLMC 2.375%, 02/15/07	150,000	146,227	146,251
FHLMC 3.0%, 10/20/10	50,000	49,875	49,364
FHLMC 4.25%, 11/15/10	25,000	25,000	24,314
FHLMC 4.0%, 04/15/11	25,000	23,831	23,706

Schedule of Investments  
Louisiana Tech University Foundation, Inc.  
6/30/04

	Shares or Units	Cost Basis	Fair Value
FHLMC 4.0%, 09/17/12	25,000	24,331	24,192
FNMA 6.25%, 01/25/09	15,710	16,363	16,231
FNMA 6.625%, 11/03/10	45,000	47,312	49,964
FNMA 7.00%, 07/01/12	12,993	12,981	13,804
FNMA 4.625%, 09/26/03	25,000	23,767	24,070
FNMA 5.00%, 01/01/18	54,944	56,651	55,194
FNMA 6.00%, 11/01/31	14,130	14,622	14,470
FNMA 6.50%, 09/01/32	14,772	15,411	15,393
FNMA 5.50%, 04/01/33	71,741	71,301	71,604
FNMA 5.50%, 06/01/33	55,304	56,313	55,199
FNMA 6.00%, 11/01/33	90,510	93,774	92,509
FNMA 5.00%, 02/01/34	69,655	70,320	67,366
FNMA 6.35%, 06/12/05	200,000	200,719	208,063
FNMA 3.25%, 11/15/07	100,000	98,454	98,672
FNMA 3.25 %, 02/15/09	100,000	99,399	96,453
GNMA 11.00%, 03/15/10	436	436	486
GNMA 6.5%, 11/15/12	37,448	37,511	39,776
GNMA 7.00%, 06/15/28	21,664	22,024	23,056
GNMA 7.00%, 04/15/31	50,265	51,036	53,430
GNMA 6.00%, 01/15/32	33,417	34,346	34,313
U.S. Treasury Bonds 6.25%, 08/15/23	30,000	32,252	33,225
U.S. Treasury Bonds 6.125%, 11/15/27	45,000	53,622	49,317
U.S. Treasury Notes 6.50%, 08/15/05	20,000	20,000	20,956
U.S. Treasury Notes 5.625%, 02/15/06	40,000	41,954	42,000
U.S. Treasury Notes 3.5%, 11/15/06	75,000	76,883	75,961
U.S. Treasury Notes 4.75%, 11/15/08	30,000	32,000	31,331
U.S. Treasury Notes 5.75%, 08/15/10	15,000	15,587	16,355
U.S. Treasury Notes 5.0%, 08/15/11	40,000	43,965	41,762
U.S. Treasury Notes 7.25%, 05/15/16	75,000	86,365	90,680
U.S. Treasury Notes 7.875%, 11/15/04	200,000	207,188	204,625
U.S. Treasury Notes 5.875%, 11/15/05	100,000	101,242	104,719
U.S. Treasury Notes 3.5%, 11/15/06	200,000	194,281	202,563
U.S. Treasury Notes 5.625%, 05/15/08	400,000	406,750	430,625
U.S. Treasury Notes 5.5%, 05/15/09	350,000	358,203	376,906
U.S. Treasury Notes 6.5%, 05/15/95	200,000	198,656	207,750
U.S. Treasury Notes 6.125%, 08/15/07	50,000	49,500	54,266
U. S. Treasury Notes 4.75%, 11/15/08	200,000	180,750	208,938
U.S. Treasury Notes 5.50%, 05/15/09	50,000	48,742	53,859
		4,471,987	4,615,137

**Government obligations-chairs and professorships:**

FHLMC 6.875%, 01/15/05	120,000	124,706	123,319
FHLMC 3.50%, 09/15/07	200,000	199,182	199,594

Schedule of Investments  
Louisiana Tech University Foundation, Inc.  
6/30/04

	Shares or Units	Cost Basis	Fair Value
FHLMC 4.72%, 05/19/09	300,000	300,545	304,407
FHLMC 6.0%, 08/15/13	53,691	54,906	54,633
FHLMC 6.5%, 10/01/15	19,586	20,766	20,701
FHLMC 5.0%, 01/01/18	157,338	164,809	158,056
FHLMC 6.0%, 06/15/11	41,974	43,233	43,508
FHLMC 7.5%, 09/01/15	17,304	17,996	18,444
FHLMC 7.5%, 11/01/15	30,401	31,693	32,404
FHLMC 7.5%, 09/01/30	12,889	13,534	13,886
FHLMC 08/24/04	100,000	99,707	99,810
FHLMC 10/27/04	100,000	99,414	99,510
FHLMC 11/02/04	250,000	248,425	248,625
FHLMC 6.5%, 12/15/08	83,185	87,682	86,906
FHLMC 5.5%, 10/15/09	135,388	142,411	140,277
FHLMC 6.50%, 08/01/16	38,637	39,358	40,828
FHLMC 5.0%, 05/01/19	149,443	149,140	149,830
FHLMC 6.10%, 10/15/23	42,550	45,023	43,785
FHLB 5.875%, 02/15/11	75,000	76,192	79,547
FNMA 2.875%, 10/15/05	100,000	100,757	100,562
FNMA 2.5%, 06/15/06	100,000	99,172	99,078
FHMA 3.125%, 07/15/06	50,000	49,982	50,086
FNMA 2.375%, 02/15/07	150,000	146,160	146,110
FNMA 3.5%, 05/27/09	200,000	200,000	199,563
FNMA 7.0%, 10/01/15	22,517	23,249	23,925
FNMA 07/28/04	100,000	99,798	99,910
FNMA 09/22/04	100,000	99,583	99,690
FNMA 6.0%, 05/15/08	105,000	108,950	113,105
FNMA 6.0%, 11/25/08	100,000	101,609	105,129
FNMA 5.50%, 03/15/11	90,000	92,737	94,135
FNMA 4.625%, 10/15/13	40,000	40,505	38,512
FNMA 4.5%, 09/01/18	94,194	95,019	92,297
FNMA 4.5%, 01/01/19	93,567	94,328	91,639
FNMA 6.0%, 11/01/29	160,174	164,503	164,223
FNMA 5.50%, 06/01/33	302,043	307,706	301,469
FNMA 5.0%, 08/01/33	105,320	105,747	102,071
FNMA 5.0%, 10/01/33	97,003	96,928	94,011
FNMA 6.0%, 11/01/33	119,308	123,726	121,943
GNMA 7.0%, 06/15/28	21,664	22,084	23,056
GNMA 7.0%, 01/15/30	32,849	33,691	34,937
GNMA 7.0%, 03/15/31	54,757	55,733	58,205
GNMA 6.0%, 01/15/32	66,834	68,776	68,626
UBS Ag Jersey Brh Med Term	200,000	200,000	200,000
U. S. Treasury Notes 4.75%, 11/15/08	150,000	158,297	156,703
U. S. Treasury Notes 2.25%, 04/30/06	150,000	149,162	149,016
U. S. Treasury Notes 6.5%, 8/15/05	125,000	132,031	130,977

Schedule of Investments  
Louisiana Tech University Foundation, Inc.  
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	Shares or Units	Cost Basis	Fair Value
U.S. Treasury Notes 5.625%, 02/15/06	45,000	47,275	47,250
U.S. Treasury Notes 6.5%, 10/15/06	185,000	203,691	199,685
U.S. Treasury Notes 4.75%, 11/15/08	85,000	91,710	88,772
U.S. Treasury Notes 5.75%, 08/15/10	80,000	85,594	87,225
U.S. Treasury Notes 7.25%, 05/15/16	145,000	175,189	175,314
U. S. Treasury Bond 7.25%, 05/15/16	120,000	146,100	145,088
U.S. Treasury Bond 6.25%, 08/15/23	75,000	80,518	83,063
U.S. Treasury Bond 6.125%, 11/15/27	70,000	80,869	76,716
		<u>5,839,901</u>	<u>5,820,161</u>
Total government obligations		<u>10,311,888</u>	<u>10,435,298</u>

**Corporate bonds:**

Albertsons, Inc., 8.35%, 05/01/10	10,000	11,534	11,539
American Express Co. 7.20%, 09/17/07	50,000	50,310	51,611
American Express Co. 4.875%, 07/15/13	15,000	14,621	14,556
BankAmerica Corp, 6.25%, 04/15/12	20,000	22,126	21,335
BellSouth Cap Fdg Corp, 7.75%, 02/15/10	25,000	25,309	28,559
Boeing Co, 7.95%, 08/15/24	15,000	17,075	18,300
Chase Cr Card Owner Tr 6.66%, 01/15/07	45,000	44,930	45,428
CIT Group Inc. 7.375%, 04/02/07	10,000	10,386	10,940
Citibank Cr Card Issuance 5.65%, 06/15/08	25,000	26,543	26,200
Citigroup In Global 6.00%, 02/21/12	25,000	27,819	26,506
Clear Channel Comm 6.625%, 06/16/08	5,000	5,516	5,354
Coca-Cola Enterprises, Inc. 5.75%, 11/01/08	20,000	19,843	21,204
Comcast Cable Communications 6.20%, 11/15/08	10,000	11,103	10,654
Credit Suisse First Boston USA	15,000	15,744	15,788
Daimler Chrysler North Amer. Hldg 7.25%, 01/18/06	15,000	15,219	15,901
Ford Mtr Cr Corp. 7.375%, 10/28/09	25,000	25,639	26,681
General Electric Company 7.50%, 08/21/35	25,000	27,510	29,030
General Mtrs Accep Corp 6.875%, 08/28/12	15,000	15,062	15,259
Goldman Sachs Group 5.40%, 01/26/09	20,000	23,041	21,775
GTE Fla Inc. 6.86%, 02/01/28	10,000	10,747	10,112
Hewlett Packard 5.50%, 07/01/07	20,000	19,977	21,043
Household Fin Corp. NT 6.50%, 01/24/06	15,000	15,103	15,811
IBM Corp, 5.40%, 01/26/09	25,000	24,117	26,075
Merrill Lynch 4.00%, 11/15/07	20,000	19,983	20,052
Morgan Stanley 6.75%, 04/15/11	25,000	25,532	27,397
National Rural Utils Coop Fin Corp 5.70%, 01/15/10	10,000	10,471	10,541
Ohio Pwr Co 4.85%, 01/15/14	10,000	9,993	9,532
Ontario Hydro Gtd 6.10%, 01/30/08	15,000	16,450	16,115
Pharmacia Corp 6.50%, 12/01/18	5,000	5,763	5,482
Pitney Bowes, Inc. 4.625%, 10/01/12	5,000	4,977	4,868

Schedule of Investments  
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	Shares or Units	Cost Basis	Fair Value
Praxair Inc 3.95%, 06/01/13	10,000	9,969	9,119
Target Corp 6.35%, 01/15/11	20,000	20,311	21,806
Wachovia Corp 3.50%, 08/15/08	10,000	9,973	9,745
Wal-Mart Stores, Inc. 7.25%, 06/01/13	45,000	48,423	51,421
Washington Mut Inc 5.625%, 01/15/07	10,000	10,451	10,461
		<u>671,570</u>	<u>686,200</u>

**Corporate bonds-chairs and professorships:**

Albertsons, Inc. 8.35%, 05/01/10	30,000	35,394	34,616
American Express Co 4.875%, 07/15/13	35,000	34,388	33,963
American Express Co 4.875%, 07/15/13	20,000	20,293	19,407
Bank Amer Corp 6.25%, 04/15/12	50,000	55,608	53,338
Bellsouth Cap Fdg Corp 7.75%, 02/15/10	30,000	34,811	34,271
Bellsouth Cap Fdg Corp 7.75%, 02/15/10	25,000	27,529	28,559
Boeing Co 7.95%, 08/15/24	20,000	22,942	24,400
CIT Group, Inc. 7.375%, 04/02/07	30,000	32,202	32,821
Citibank Cr Card 5.875%, 03/10/11	110,000	119,522	117,603
Citigroup Inc 6.00%, 02/21/12	55,000	59,466	58,315
Citigroup Inc 6.00%, 02/21/12	35,000	40,356	37,109
Clear Channel Comm 6.625%, 06/16/08	20,000	22,512	21,415
Coca Cola Enterprises, Inc. 5.75%, 11/01/08	30,000	29,807	31,805
Comcast Cable 6.20%, 11/15/08	15,000	16,120	15,980
Comcast Cable 6.20%, 11/15/08	20,000	22,680	21,307
Credit Suisse First Boston USA 6.125%, 11/15/11	50,000	55,223	52,626
Daimler Chrysler North Amer. Hldg. 7.25%, 01/18/06	30,000	31,182	31,801
Ford Cr Auto Tr 3.13%, 11/15/06	100,000	101,374	100,698
Ford Cr Auto Tr 3.13%, 11/15/06	75,000	77,426	75,523
Ford Mtr Cr Corp 7.375%, 10/28/09	35,000	36,250	37,353
GECC 3.5%, 05/01/08	100,000	98,076	98,389
General Elec Cap Svcs 7.5%, 08/21/35	50,000	57,000	58,060
General Elec Cap Gtd 7.5%, 08/21/35	55,000	62,351	63,867
General Mtrs Accep Corp 6.875%, 08/28/12	30,000	32,308	30,518
Goldman Sach Group 3.875%, 01/15/09	55,000	55,477	53,633
GTE Fla Inc 6.86%, 02/01/28	65,000	69,960	65,726
Hewlett Packard Co Global 5.50%, 07/01/07	50,000	49,900	52,608
Household Fin Corp 6.50%, 01/24/06	45,000	45,906	47,433
IBM Corp 5.4%, 01/26/09	80,000	83,814	83,440
IBM Corp 5.4%, 01/26/09	15,000	14,390	15,645
International Lease Fin Corp 4.375%, 12/15/05	25,000	24,972	25,572
John Deere Cap Corp 6.0%, 02/15/09	35,000	38,111	37,409
Lehman Bros Hldg 4.375%, 11/30/10	100,000	96,565	96,589
Morgan, JP & Co, 6.875%, 01/15/07	85,000	93,230	92,161
Morgan Stanley 6.75%, 04/15/11	75,000	83,017	82,190

Schedule of Investments  
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	Shares or Units	Cost Basis	Fair Value
Morgan Stanley 6.75%, 04/15/11	25,000	25,692	27,397
Natl Rural Util 5.70%, 01/15/10	35,000	37,314	36,892
Natl Rural Util 5.70%, 01/15/10	15,000	16,233	15,811
Norwest Finl Inc 6.75%, 06/01/05	35,000	37,384	36,346
Ohio Pwr Co 4.85%, 01/15/14	20,000	19,984	19,064
Ontario Hydro Gtd 6.10%, 01/30/08	20,000	22,316	21,486
Pharmacia Corp 6.50%, 12/01/18	30,000	34,850	32,893
Pitney Bowes Inc 4.625%, 10/01/12	15,000	14,918	14,603
SBC Comm 5.875%, 08/15/12	35,000	37,330	35,923
Target Corp 6.35%, 01/15/11	70,000	76,125	76,322
Wachovia Corp 3.5%, 08/15/08	35,000	34,559	34,109
Wal-Mart Stores, Inc. 7.25%, 06/01/13	70,000	80,500	79,987
Wal-Mart Stores, Inc. 6.75%, 10/15/23	35,000	40,102	38,565
Washington Mutual Inc 5.625%, 01/15/07	35,000	37,786	36,615
		<u>2,295,255</u>	<u>2,272,163</u>
Total corporate bonds		<u>2,966,825</u>	<u>2,958,363</u>

**Common stocks:**

3M Co	440	23,085	39,604
Abbott Laboratories	350	12,446	14,266
Abbott Laboratories	700	28,431	28,532
Abercrombie & Fitch Co.	400	11,652	15,500
AFLAC, Inc.	450	11,812	18,364
Affiliated Computer Svcs, Inc.	170	8,803	9,000
Albertsons, Inc.	870	19,266	23,090
Alcoa, Inc.	730	27,221	24,112
Altria Group, Inc.	630	29,033	31,531
Altria Group, Inc.	450	24,350	22,523
Amazon Com Inc	340	11,764	18,496
American Express Co.	920	31,232	47,270
American Express Co	450	24,277	23,121
American International Group, Inc.	620	20,959	44,194
American International Group, Inc.	590	35,572	42,055
American International Group, Inc.	600	36,904	42,768
Amgen, Inc.	770	45,245	42,019
Andrx Corp Del	250	2,949	6,983
Anheuser Busch Companies, Inc.	550	26,890	29,700
Apache Corp	810	29,412	35,275
Apollo Group	130	11,793	11,478
Applied Matls Inc	400	7,720	7,848
Bank American Corp	300	22,770	25,386
Biovail Corp	790	18,440	14,994



Schedule of Investments  
Louisiana Tech University Foundation, Inc.  
6/30/04

	Shares or Units	Cost Basis	Fair Value
BP Amoco Pic ADR	600	26,866	32,142
Brinker Intl, Inc.	620	19,049	21,154
Bristol Myers Squibb Co.	1,530	42,782	37,485
CVS Corp	1,150	41,323	48,323
Cabot Corp	320	10,281	13,024
Canadian Natl Ry Co	270	8,694	11,769
Capital One Finl Corp	360	24,999	24,617
Cardinal Health, Inc	460	29,483	32,223
Caterpillar, Inc.	200	11,212	15,888
CenturyTel, Inc.	270	7,924	8,111
Charles Riv Laboratories Intl, Inc.	470	16,693	22,969
Charter One Fin'l Inc.	385	10,274	17,013
Chevron Texaco Corp	100	7,575	9,411
Cisco Systems, Inc.	1,500	57,617	35,550
Cisco Systems, Inc.	1,000	18,269	23,700
Citigroup, Inc	1,600	78,470	74,400
Citigroup, Inc	833	17,675	38,734
Citigroup, Inc	800	27,548	37,200
Citrix Systems, Inc.	730	14,046	14,863
Clear Channel Communications, Inc.	320	14,645	11,824
Clear Channel Communications, Inc.	700	28,581	25,865
Coca Cola Co	500	25,305	25,240
Colgate Palmolive	550	30,074	32,147
Comcast Corp	509	16,212	14,303
Comcast Corp	1,730	54,952	48,613
Commerce Bancorp Inc NJ	200	11,275	11,002
Conoco Phillips	390	21,790	29,753
Conoco Phillips	500	32,134	38,145
Cooper Cameron Corp	170	9,487	8,279
Crane Co	360	9,655	11,300
Danaher Corp	340	11,247	17,629
Dell, Inc.	940	28,500	33,671
Dell, Inc.	500	12,520	17,910
Devon Energy	140	7,082	9,240
Devon Energy	530	28,375	34,980
Devon Energy	100	4,905	6,600
Diebold Inc	180	6,598	9,517
Eastman Kodak Co	760	21,715	20,505
Eaton Corp	200	8,368	12,948
El Paso Corp	1,940	14,185	15,287
Electronics Arts	200	6,220	10,910
Emerson Electric Inc	450	28,722	28,598
Exxon Mobil Corp	1,750	57,458	77,717
Exxon Mobil Corp	465	17,149	20,651

Schedule of Investments  
Louisiana Tech University Foundation, Inc.  
6/30/04

	Shares or Units	Cost Basis	Fair Value
Family Dollar Stores, Inc	350	10,735	10,647
Federal Home Ln Mtg Corp	920	56,938	58,236
Federal National Mortgage Assoc	310	21,490	22,122
<i>Federal National Mortgage Assoc</i>	340	24,388	24,262
Fedex Corp	150	10,957	12,253
Fidelity Convertible Sec Fd #308	2,788	50,497	56,788
Fidelity Convertible Sec Fd #308	6,003	101,070	122,287
First Data Corp	930	35,736	41,404
First Data Corp	350	15,281	15,582
Forest Labs, Inc	550	40,314	31,146
FPL Group, Inc.	400	20,025	25,580
Franklin Res, Inc	200	11,876	10,016
Gap Inc	1,600	33,551	38,800
General Electric Co	2,130	91,686	69,012
General Electric Co	1,030	26,512	33,372
General Electric Co	1,590	43,973	51,516
General Mills, Inc.	650	29,828	30,894
Gilead Sciences	500	28,471	33,500
Global Santa Fe Corp	200	6,958	5,300
Goldman Sachs Group, Inc	280	23,282	26,365
<i>Goldman Sachs Group, Inc</i>	150	16,047	14,124
Guidant Corp	230	13,666	12,852
Hartford Finl Svcs Group, Inc.	350	22,121	24,059
HCA-Inc	680	28,756	28,281
HCA Inc	660	29,460	24,954
Hewlett Packard Co	1,450	33,040	30,595
Honeywell Int'l Inc.	650	26,653	23,810
Hospira Inc	35	857	966
Ingersoll-Rand Company, Ltd	500	28,562	34,155
Intel Corp	1,910	60,859	52,716
Intel Corp	1,050	28,149	28,980
Intel Corp	1,090	16,886	30,084
IBM Corp	420	46,754	37,023
IBM Corp	200	13,665	17,630
International Game Technology	500	9,661	19,300
International Paper Co	435	17,413	19,445
Johnson & Johnson	810	39,432	45,117
Johnson & Johnson	550	25,787	30,635
Johnson Controls, Inc.	460	16,170	24,555
Jones Apparel Group, Inc.	700	21,086	27,636
Kinder Morgan Inc	240	13,940	14,230
Kohls	570	28,673	24,100
Kohls	590	30,504	24,945
L-3 Communications Hldgs Inc	230	12,199	15,364

Schedule of Investments  
Louisiana Tech University Foundation, Inc.  
6/30/04

	Shares or Units	Cost Basis	Fair Value
L-3 Communications Hldgs Inc	8,480	37,449	29,765
Lauder Estee Cos, Inc	310	10,513	15,122
Lear Corp	430	17,744	25,366
Liberty Media	2,830	29,381	25,442
Liberty Media Intl Inc Ser	142	-	5,250
Lilly Eli & Co	450	28,203	31,459
Linear Technology Corp	310	11,262	12,236
Liz Claiborne, Inc	400	10,620	14,392
Lowes Cos, Inc.	560	28,419	29,428
Lowes Cos, Inc	700	25,546	36,785
Lucent Technologies, Inc.	5,000	8,427	18,900
Marathon Oil Corp	450	12,847	17,028
MBNA Corp	1,610	32,463	41,522
Medtronic, Inc	690	25,800	33,617
Medtronic, Inc	290	12,485	14,129
Medtronic, Inc	500	23,705	24,360
Merck & Co, Inc	550	35,496	26,125
Merrill Lynch & Co, Inc	500	17,750	26,990
Microsoft Corp	3,000	79,418	85,680
Microsoft Corp	2,330	54,721	66,545
Microsoft Corp	600	23,691	17,136
Morgan Stanley	540	13,753	28,496
Morgan Stanley	650	27,571	34,301
Motorola, Inc.	1,660	25,798	30,295
Murphy Oil Corp	380	14,935	28,006
Murphy Oil Corp	200	6,430	14,740
National City Corp	700	21,448	24,507
Networks Assocs, Inc.	490	6,381	8,884
Newmont Mining Corp	700	32,375	27,132
News Corp Ltd	760	29,357	26,919
Nextel Communications, Inc.	610	15,102	16,263
Noble Corp	760	28,865	28,796
Nokia Corp	2,910	40,462	42,311
North Fork Bancorporation, Inc.	490	15,783	18,644
Northrop Grumman Corp	300	17,375	16,110
Occidental Petroleum Corp	810	26,328	39,212
Odyssey Healthcare Inc	620	18,880	11,668
Omnicom Group	260	20,989	19,731
Oracle Corp	1,750	23,489	20,877
Oracle Corp	400	5,431	4,772
Paychex Inc	400	15,834	13,552
Pentair, Inc.	440	5,658	14,802
Pepsico, Inc.	330	12,421	17,780
Pepsico, Inc.	600	27,384	32,328

Schedule of Investments  
Louisiana Tech University Foundation, Inc.  
6/30/04

	Shares or Units	Cost Basis	Fair Value
Pfizer, Inc	2,312	69,393	79,255
Pfizer, Inc	1,130	45,047	38,736
Pfizer, Inc	1,320	40,614	45,250
Phelps Dodge Corp	400	20,219	31,004
Pinnacle West Cap Corp	600	27,375	24,234
Pitney Bowes, Inc	340	12,512	15,045
Praxair Inc	760	23,348	30,332
Proctor & Gamble Company	700	35,003	38,108
Qualcomm, Inc	370	19,230	27,003
Raytheon Company	200	8,340	7,154
Rent A Ctr Inc	655	19,580	19,604
Safeway Inc	1,160	27,806	29,394
SBC Communications, Inc	610	28,075	14,793
Sigma Aldrich Corp	290	13,005	17,287
Smith Intl, Inc.	600	15,340	33,456
SPX Corp	160	7,802	7,430
Starbucks Corp	300	11,280	13,047
Suncor Energy, Inc	540	9,931	13,829
Suntrust Bank Inc	100	6,888	6,499
Suntrust Bank Inc	200	12,228	12,998
Sysco	580	15,329	20,805
Target Corp	390	14,907	16,563
Temple Inland, Inc	120	6,726	8,310
Texas Instruments, Inc.	1,100	18,172	26,598
Time Warner Inc	1,500	58,080	26,370
Tyco International Ltd	1,080	34,910	35,791
Tyco International Ltd	1,450	22,110	48,053
United Parcel Svc, Inc	320	18,522	24,054
Unitedhealth Group, Inc.	480	27,627	29,880
Unitedhealth Group, Inc.	400	17,910	24,900
US Bancorp	1,360	30,871	37,482
USA Interactive	1,120	39,064	33,757
Valero Energy Corp	250	9,472	18,440
Veritas Software	1,290	27,010	35,849
Verizon Communications	360	13,438	13,028
Viacom, Inc	820	47,353	29,290
Vodafone Group ADR	2,260	50,087	49,946
Wal-Mart Stores, Inc.	1,020	56,457	53,815
Walgreen Co	620	25,625	22,450
Washington Mutual, Inc	940	38,291	36,322
Washington Mutual, Inc	1,300	48,562	50,232
Weatherford Bermuda	250	10,396	11,245
Wells Fargo & Co	580	27,546	33,193
Wells Fargo & Co	500	21,820	28,615

Schedule of Investments  
Louisiana Tech University Foundation, Inc.  
6/30/04

	Shares or Units	Cost Basis	Fair Value
Weyerhaeuser Co	200	12,876	12,624
Willis Group Hldgs	290	10,206	10,860
Wyeth	600	20,400	21,696
Yum Brands, Inc	850	22,257	31,637
Yum Brands, Inc	760	28,630	28,287
		<u>4,969,527</u>	<u>5,475,910</u>

**Common Stocks-Chairs and Professorships:**

Abbot Laboratories	1,800	49,774	48,912
Abercrombie & Fitch	800	25,480	31,000
AFLAC Inc	1,050	44,224	42,850
Altria Group Inc	500	27,680	25,025
Amazon Inc	940	44,657	51,136
American Express Co	1,000	49,321	51,380
American Intl Group, Inc.	900	64,772	64,152
American Intl Group, Inc.	650	46,009	46,332
Amgen, Inc	600	35,250	32,742
Anheuser Busch Cos, Inc.	1,000	51,410	54,000
Apache Corp	1,200	52,620	52,260
Applied Materials Inc	1,400	26,768	27,468
Bank Amer Corp	1,000	81,062	84,620
BP Amoco Pic ADR	830	44,397	44,463
Bristol Myers Squibb Co	2,600	66,335	63,700
CVS Corp	1,300	50,674	54,626
Cardinal Health Inc	700	50,057	49,035
Cardinal Health Inc	680	45,997	47,634
Chevron Texaco Corp	480	44,323	45,173
Cisco Systems, Inc	2,300	51,657	54,510
Citigroup, Inc	1,600	77,856	74,400
Citigroup, Inc	1,830	89,130	85,095
Citrix Systems, Inc.	2,000	41,067	40,720
Clear Channel Comm	1,200	51,564	44,340
Coca Cola	800	40,344	40,384
Colgate Palmolive	900	50,922	52,605
Comcast Corp	900	26,685	24,849
Comcast Corp	2,920	88,397	82,052
Conoco Phillips	700	51,772	53,403
Devon Energy Corp	700	44,690	46,200
El Paso Corp	6,200	45,314	48,856
Emerson Electric	800	49,336	50,840
Exxon Mobil	1,200	52,152	53,292
Fed Nat'l Mtg Assoc	1,000	70,729	71,360
Fedex Corp	700	51,436	57,183

Schedule of Investments  
Louisiana Tech University Foundation, Inc.  
6/30/04

	Shares or Units	Cost Basis	Fair Value
First Data Corp	600	26,196	26,712
Forest Labs, Inc	800	51,860	45,304
Franklin Res, Inc	700	38,773	35,056
Gap, Inc	3,400	77,078	82,450
General Electric Co	2,600	78,493	84,240
General Electric Co	2,940	89,120	95,256
General Mills Inc	1,100	52,932	52,283
Gilead Sciences	720	44,563	48,240
Gillette Co	1,000	39,407	42,400
Globalsantafe Corp	1,800	50,238	47,700
Goldman Sachs Group, Inc.	250	24,652	23,540
Guidant Corp	350	20,792	19,558
HCA-Healthcare Co	1,090	44,753	45,333
Hewlett Packard Co	2,500	52,174	52,750
Home Depot, Inc	700	25,298	24,640
Ingersol Rand Co	800	53,520	54,648
Intel Corp	2,000	52,870	55,200
Intel Corp	3,150	83,573	86,940
IBM Corp	300	27,198	26,445
Johnson & Johnson	1,000	54,168	55,700
Johnson & Johnson	1,220	66,438	67,954
Kohls Corp	1,060	44,497	44,817
Level 3 Comm	13,450	44,663	47,210
Liberty Media Corp	6,000	66,909	53,940
Liberty Media Intl Inc Ser A	300	-	11,130
Lilly Eli & Co	700	51,492	48,937
Lowes Cos, Inc	500	26,540	26,275
Lowes Cos, Inc	920	46,683	48,346
Lucent Technologies, Inc	12,800	44,937	48,384
Marathon Oil Corp	1,200	40,965	45,408
Medtronic Inc	1,000	49,739	48,720
Medtronic Inc	1,880	94,996	91,594
Merck & Co, Inc	600	28,470	28,500
Merrill Lynch & Co	750	41,340	40,485
Microsoft Corp	1,000	26,710	28,560
Microsoft Corp	3,320	89,350	94,819
Morgan Stanley	1,000	52,513	52,770
Newmont Mining Corp	700	26,698	27,132
News Corp Ltd	1,150	41,984	40,733
Nike Inc	700	51,604	53,025
Nokia Corp	6,000	87,909	87,240
Northrop Grumman Corp	600	29,718	32,220
Oracle Corp	700	8,386	8,351
Oracle Corp	4,000	46,489	47,720

Schedule of Investments  
Louisiana Tech University Foundation, Inc.  
6/30/04

	Shares or Units	Cost Basis	Fair Value
Pepsico Inc	1,000	54,104	53,880
Pepsico Inc	820	44,543	44,182
Pfizer Inc	2,200	78,672	75,416
Pfizer Inc	2,490	89,101	85,357
Phelps Dodge Corp	400	26,740	31,004
Praxair Inc	1,280	46,319	51,085
Procter & Gamble Co	1,000	52,220	54,440
Smith Intl	900	51,596	50,184
Texas Instruments, Inc	500	13,000	12,090
Total Fina ADR	470	44,128	45,158
Tyco Int'l Ltd	1,580	46,003	52,361
UnitedHealth Group, Inc	600	37,980	37,350
USA Interactive	1,350	44,667	40,689
Veritas Software	1,800	45,585	50,022
Vodafone Group PIC ADR	3,570	89,152	78,897
Washington Mutual Inc	2,250	88,794	86,940
Wells Fargo & Co	900	50,859	51,507
Weyerhaeuser Co	1,000	61,910	63,120
Yum Brands, Inc	1,690	66,358	62,902
		<u>4,912,280</u>	<u>4,951,846</u>
Total common stocks		<u>9,881,807</u>	<u>10,427,756</u>
<b>Real estate:</b>			
101, 103 Everett Street, Ruston, LA		91,058	91,058
105, 107 Everett Street, 703 W. Mississippi, Ruston, LA		403,077	403,077
906 California Street, Ruston, LA		65,739	65,739
109 Everett Street, Ruston, LA		40,762	40,762
102 Everett Street, Ruston, LA		106,989	106,989
703 W. Mississippi, Ruston, LA		144,531	144,531
Lincoln Parish Library-W. Alabama Street, Ruston, LA		316,402	316,402
Railroad bed-California Avenue, Ruston, LA		240,123	240,123
Block 36-TKE House, Ruston, LA		175,072	175,072
Western Street-Pi Kappa Alpha House, Ruston, LA		13,628	13,628
406 Arizona Street, Ruston, LA		135,849	135,849
707 W. Mississippi Avenue, Ruston, LA		145,021	145,021
807 W. Mississippi Avenue, Ruston, LA		132,341	132,341
		<u>2,010,592</u>	<u>2,010,592</u>
Total real estate		<u>2,010,592</u>	<u>2,010,592</u>
Grand total of investments		<u>37,812,456</u>	<u>39,175,267</u>

Independent Auditors' Report on Compliance and  
on Internal Control Over Financial Reporting  
Based on an Audit of Financial Statements Performed  
in Accordance With Government Auditing Standards



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July 21, 2004

The Board of Directors  
Louisiana Tech University Foundation, Inc.  
Ruston, Louisiana

Independent Auditors' Report on Compliance and on Internal Control  
Over Financial Reporting Based on an Audit of Financial Statements  
Performed in Accordance With Government Auditing Standards

We have audited the financial statements of the Louisiana Tech Foundation, Inc. (the Foundation) as of and for the year ended June 30, 2004, and have issued our report thereon dated July 21, 2004. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

## Compliance

As part of obtaining reasonable assurance about whether the Foundation's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, and contracts, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*.

## Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Foundation's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.

This report is intended solely for the information and use of the board of directors, management, and the Louisiana Legislative Auditor and is not intended to be and should not be used by anyone other than these specified parties.

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LOUISIANA TECH UNIVERSITY FOUNDATION, INC.

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

FOR THE YEAR ENDED JUNE 30, 2004

**I. Summary of Audit Results**

1. The auditor's report expresses an unqualified opinion on the financial statements of Louisiana Tech University Foundation, Inc.
2. No reportable condition relating to the audit of the financial statements was reported.
3. No instances of noncompliance material to the financial statements were disclosed during the audit.
4. Louisiana Tech University Foundation, Inc. was not subject to a federal single audit for the year ended June 30, 2004.

LOUISIANA TECH UNIVERSITY FOUNDATION, INC.

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

FOR THE YEAR ENDED JUNE 30, 2004

The two matters in the management letter issued in the prior year by the prior audit firm were addressed in that letter, and were resolved. No management letter comments were noted in the current year.